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C O N F I D E N T I A L SECTION 01 OF 03 PRAGUE 000260

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TAGS: [PREL](#) [PGOV](#) [ECON](#) [ENRG](#) [EZ](#) [RS](#)

SUBJECT: PUTIN CONDUCTS FRIENDLY VISIT TO PRAGUE, LIGHTLY
CRITICIZES CZECH FM

REF: A. PRAGUE 256

[1](#)B. BUDAPEST 444

[1](#)C. PRAGUE 222

[1](#)D. 2005 PRAGUE 1399

[1](#)E. PRAGUE 204

Classified By: A/DCM Michael Dodman for reasons 1.4 (b) and (d)

[1](#)1. (C) Summary. The March 1-2 visit of Vladimir Putin to Prague was aimed at throwing the best possible light on the relationship between Russia and the Czech Republic. Economic concerns were the main focus, but few agreements were signed. Difficult issues were either raised gently, or ignored. During the visit Putin acknowledged Russia's "moral responsibility" for the 1968 invasion of Czechoslovakia. He received only muted Czech praise for the statement. The Russians appear to have tailored the visit to display to other former-Soviet allies (Poland and the Baltics) that there are benefits to having less belligerent relations with Moscow. The only difficult moment of the visit seems to have come when Putin criticized the "activist" Czech Foreign Minister in a conversation with Prime Minister Paroubek, but even this was not as pointed as it could have been. Little will change as a result of this visit, including the active Czech engagement in Belarus, Moldova, Georgia and elsewhere in Russia's near abroad. End Summary.

[1](#)2. (C) Russian President Vladimir Putin visited Prague March 1-2, ending a 13-year drought for high-level visits from Moscow. As in Budapest the previous days (ref B), both sides were clearly at pains to produce an upbeat atmosphere, and difficult points were ignored, or merely acknowledged rather than discussed in depth. Economic cooperation was the focus, though discussions between Russian FM Sergei Lavrov and Czech FM Cyril Svoboda touched on Belarus, Ukraine, Iran, and Hamas. Also as in Budapest, Putin received widespread press coverage for his unexpected acknowledgment of Russia's "moral responsibility" for the 1968 invasion of Czechoslovakia.

ECONOMIC COOPERATION - THE DEVIL IS IN THE DETAILS

[1](#)3. (C) Despite the positive atmosphere, few formal deliverables resulted from the visit (Czech-Russian trade relations are being reported septel). Four economic

agreements were signed; two were financial in nature, one covered the transfer of rail-car technology to Russia, and one defined agreement on joint oil-processing in Mongolia. Deputy FM Thomas Pojar, in a briefing to the diplomatic corps, mentioned that 17 additional agreements or contracts worth a combined USD 2 billion are still under discussion. Pojar said no military agreements were signed. In discussions during the visit, Putin had declined to allow Russia to modernize Czech military helicopters until the two countries agreed to protect Russian intellectual property on military products (including from the Soviet era). Negotiations on these intellectual property rights agreements are ongoing. (Note: The Director of the MFA's Eastern Europe Department informed Emboffs that such agreements will only cover future military production, and will not impact existing stock of Soviet/Russian equipment. No Czech company currently uses Soviet-era intellectual property to produce military equipment. The GOCR currently believes the agreements, if/when they are concluded, will have limited impact. End note.)

ENERGY - WHY WOULD YOU WORRY?

14. (C) PM Paroubek raised the future of oil and gas contracts with Putin during their meeting. The current agreements will expire in 2013. Putin agreed to invite a Czech delegation to Moscow if the Czechs would like to open negotiations.

15. (C) FM Lavrov told FM Svoboda that Russian energy policy towards its near neighbors was financially driven. Each year the Russia subsidized Ukraine to the tune of USD 5 billion,

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and energy subsidies to Belarus would this year total USD 3 billion. Lavrov said that, in relation to Belarus, Russia aimed to begin charging market prices from January 1st, 2007. (Note: The Czechs are skeptical of this claim, believing that Putin is unlikely to encourage upheaval in Belarus so close to Russia's own presidential elections in 2008. End note.) Lavrov also noted that the West had failed to complain during Russia's previous energy dispute with Belarus, and saved its criticism of Russia only for disputes with countries like Ukraine.

16. (C) Nuclear cooperation was also briefly discussed but the Czechs describe this exchange as focused on Russian salesmanship of Russian nuclear technology for Czech nuclear plants in the future (ref A).

ELECTIONS IN BELARUS AND UKRAINE -
RUSSIA DOES NOT LIKE THE IDEALISM OF THE CZECH MFA

17. (C) During his meeting with Lavrov, FM Svoboda gently raised Belarus by referring to that country's status as the only European country that is not a member of the Council of Europe (Ref C). Lavrov, avoiding the question, returned to the energy situation in Belarus, and added Lukashenko was not as bad as his image. Lavrov hoped some market reforms would be introduced in 2007. Tomas Szunyog, director of the MFA's Eastern European Department, told Emboffs that Lavrov's body language betrayed irritation with the subject of Belarus being raised. According to Szunyog, Lavrov then told Putin that the Czech FM had raised Belarus. As a result of this complaint from Lavrov, Putin, during his meeting with PM Paroubek, said relations between Russia and the Czech Republic are good "except for your idealistic Foreign Minister" (sic). He did this while FM Svoboda was sitting beside Paroubek. Putin later repeated the complaint to the speakers of Parliament and the Senate.

LAVROV SHARES HIS VIEW OF THE MIDDLE EAST

18. (C) IRAN: FM Lavrov told his Czech counterpart that Russia will not block UNSC action but will not support it either. Lavrov said he cannot see a way forward through UNSC action that will not lead to isolation and turn Iran into another North Korea. Lavrov also said he did not foresee Iran financing the Palestinian Authority if Western donors pulled out.

19. (C) HAMAS: Lavrov defended Russia's talks with Hamas by arguing that Hamas is not on Russia's list of terrorist organizations. He complained that there were organizations on Russia's terrorist list which had not been added to U.S. and European lists. Lavrov said Russia is the only country being transparent, and claimed the U.S. and Britain are themselves secretly talking to Hamas. He predicted the process with

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Hamas would take time, and drew a comparison with the IRA, saying that it took time for a truly political movement to grow from a militant organization. Lavrov also justified the Hamas visit to Moscow (which would take place the day after the meetings in Prague) by saying he would deliver the Quartet position. He had chosen not to use an intermediary and to do the meeting himself to make sure Hamas could not construe the discussion as something that Russia might later try to deny or repudiate.

KLAUS VS. PAROUBEK

110. (U) The Putin visit provided a stage for yet another chapter in the long-standing feud between President Klaus and PM Paroubek. Allegations are still being reported that President Klaus, in control of the visit for protocol purposes, sought to limit the length of time scheduled for the meeting between Putin and Paroubek to 20 minutes (Putin unilaterally extended this time during the visit). Aides to

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Klaus continue to make the counterclaim that Paroubek at the last minute threatened to refuse to allow his ministers to attend the agreement-signing ceremony at Prague Castle.

WHY VISIT PRAGUE WHEN ITS SNOWING?

111. (C) Comment: Both sides sought to put their relations in the best possible light during this visit. Our contacts maintain that the primary reason for this was political. After a 13-year gap in high-level Russian visits to Prague the Czechs wanted to create a mechanism for ongoing dialogue with Russia. This goal has now been accomplished. During this visit the Czechs proposed that in the future there will be a Presidential visit every five years, a Prime Ministerial visit every two years, and a yearly meeting of Foreign Ministers. The Russian side agreed in principle that this is a good idea. The Czechs were also motivated by the potential for better economic ties. The Ministry of Foreign Affairs seems to have been alone in raising the hard issues, but it did so strategically, seeking not to raise issues where Czech action runs contrary to Russia's perceived interests.

112. (C) Russia's motivations appear more complex. By visiting Budapest and Prague on this trip, after visiting Bratislava last year, some Czechs believe Putin was trying to send a signal to Warsaw about the benefits of a cordial relationship with Moscow. Putin's behavior in Prague supports this conclusion. He does not appear to have pushed the Czechs hard on anything, even on issues such as arming Georgia, where Russian complaints about Czech behavior are common. However Putin's sporadic irritated complaints about FM Svoboda may be evidence that, despite fact that Putin really wanted to be on

best behavior throughout, the Russians just cannot accept the fact that any former Soviet states are fair game for others to be involved in.

¶13. (C) A pragmatic Prime Minister and a Foreign Ministry that is naturally suspicious of the Russians will mean that there will be no significant change in the Czech Relationship with Russia as a result of this visit. Czech activism in the former-Soviet sphere (Refs D, E) did not draw the wrath of the Russian leader, and the Czechs who are committed to advancing this agenda may be further emboldened in their activities in the region (End comment).
CABANISS